

## TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	2
LOCAL OFFICE RESPONSE	2
FINDINGS AND RECOMMENDATIONS	
Cash Receipts	2
CIS/ASSIST	3

## **INTRODUCTION**

The Office of Internal Audit performed an audit of Oakland County FIA for the period October 1, 1999 through March 16, 2001. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency (FIA) are being followed. Oakland County FIA had 529 full time equated positions (FTE's) at the time of our review. Oakland County FIA provided assistance to an average 29,013 recipient per month during FY 2000, with total assistance payments of \$37,815,288 during that year.

## **SCOPE**

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at the Oakland County FIA, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. Our audit included the following:

Cash Receipts	Cash Disbursement
Employment Support Services	General Ledger
Modified Accrual Basis Balance Sheet	Safe and Controlled Documents
Medical Transportation	State Emergency Relief (SER)
Client Processing	CIS/ASSIST
IRS Information Security	Payroll Review
Procurement Card	

## **EXECUTIVE SUMMARY**

Based on our audit, we conclude that the Oakland County FIA internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization.

## **LOCAL OFFICE RESPONSE**

Oakland County FIA informed us in a memorandum dated May 3, 2001 that corrective action has been implemented for both items included in this report.

## **FINDINGS AND RECOMMENDATIONS**

### **Cash Receipts**

#### **Mail Opening District II**

1. Oakland County FIA District II had only one person opening the mail. Accounting Manual Item 430 requires that two people work together to open the mail. Having two people opening the mail helps to ensure that cash and negotiable instruments received in the mail are not lost or stolen prior to being recorded at the local office.

WE RECOMMEND that Oakland County FIA have two people work together to open the mail.

NOTE: Oakland County FIA informed us in a memorandum dated May 3, 2001 that they have taken appropriate corrective action, and will monitor to ensure that mail is always opened by two people.

### **CIS/ASSIST**

#### **CIS Status Codes - Central**

2. We found the person responsible for reconciling flagged transactions on the Transaction Control Listing (MA-010) for all Districts had CRS status on the Client Information System (CIS). In addition, we found that one of the persons responsible for reconciling the MA-010 for openings and reopenings at District I had FLM status on CIS. These status codes would allow either of these individuals to make changes to client cases with no independent review of the transactions.

WE RECOMMEND that Oakland County FIA limit all employees who reconcile MA-010 transactions to inquiry only status on CIS.

NOTE: These employees' status codes have been changed to INQ.